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Commissioner, District 2

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Commissioner, District 3



Anna T. Hamilton
Commissioner, District 4

Ed Moreno
Commissioner, District 5

Katherine Miller
County Manager

MEMORANDUM

DATE:

To: Santa Fe County Board of County Commissioners

From: Stephanie Schardin Clarke, Finance Director 

Via: Katherine Miller, County Manager

RE: Finance and Purchasing Report for the Month Ending December 31, 2018

ISSUE

The following report summarizes the financial and purchasing activities of Santa Fe County (SFC) through the end of December 2018, Fiscal Year 2019 (July 1, 2018 through December 31, 2018).

BACKGROUND

This report presents unaudited revenue and expenditure results across all funds, including details on the general fund, gross receipts tax revenues, and property tax revenues. Revenues and expenditures are presented exclusive of transfers. Overall, recurring revenues are up \$14.2 million, or 21.7%, over the same period in the previous fiscal year due primarily to growth in gross receipts and property tax collections and charges for services. Recurring expenditures increased \$2 million over the prior year, an increase of 3.8%.

RECURRING REVENUES

Through December 31st of Fiscal Year 2019, revenue collections across all SFC funds totaled \$79.9 million. Total revenue is comprised of taxes, fees, fines, grants, joint powers agreement receipts, subsidies and miscellaneous revenue sources. Total revenue collected through December 31, 2018 exceeded Fiscal Year 2018 for the same period by \$14.2 million, a 21.7% increase.

See the table below for detailed comparison of year-over-year revenue results.

	FY18 YTD	FY19 YTD	Difference	Percent Change
SFC Property Tax Revenue	\$ 21,172,762	\$ 27,535,396	\$ 6,362,634	30.1%
Gross Receipts Tax	29,045,480	34,724,421	5,678,941	19.6%
Charges for Services	10,037,878	12,147,618	2,109,740	21.0%
Other Taxes Collected	1,705,860	1,901,817	195,957	11.5%
Intergovernmental and Subsidies	1,293,610	2,209,619	916,009	70.8%
Misc. Revenue	1,833,383	904,914	(928,469)	-50.6%
Licenses, Permits & Fees	421,855	361,794	(60,061)	-14.2%
Fines & Forfeitures	134,568	108,017	(26,551)	-19.7%
Total Recurring Revenue	\$ 65,645,396	\$ 79,893,596	\$ 14,248,200	21.7%

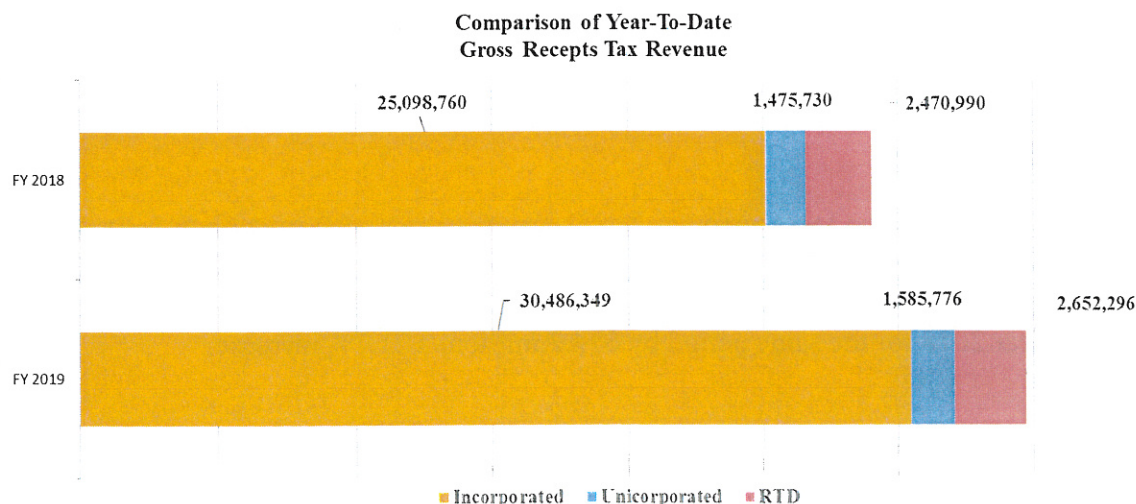
Gross Receipts Tax:

Gross receipts tax collections totaled \$34.7 million through December 31st of Fiscal Year 2019, an increase of \$5.7 million (19.6%) over the same period in the previous fiscal year. In Fiscal Year 2018, Santa Fe County enacted and began to realize income from the new gross receipts tax increment in the period ending March 31, 2018. Fiscal Year 2019 collections for the new tax increment totaled \$2.8 million. In addition, in Fiscal Year 2018, a large statewide grocery store may have been incorrectly reporting food deductions to the New Mexico Taxation and Revenue Department (NMTRD), causing hold harmless distributions to be lower than they should have been. We believe this error has been resolved as the County continues to see increasing hold harmless gross receipts distributions.

Total gross receipts tax collections include 13 increments, 10 of which are imposed in the incorporated area, including both city and county, and three of which are imposed only in the unincorporated area.

Fiscal year-to-date collections include \$2.7 million collected as a “pass through” for the Regional Transit District (RTD).

The following chart presents year-over-year comparison of gross receipts tax collections for the incorporated area of SFC, the unincorporated area of SFC, and the RTD pass-through increment.

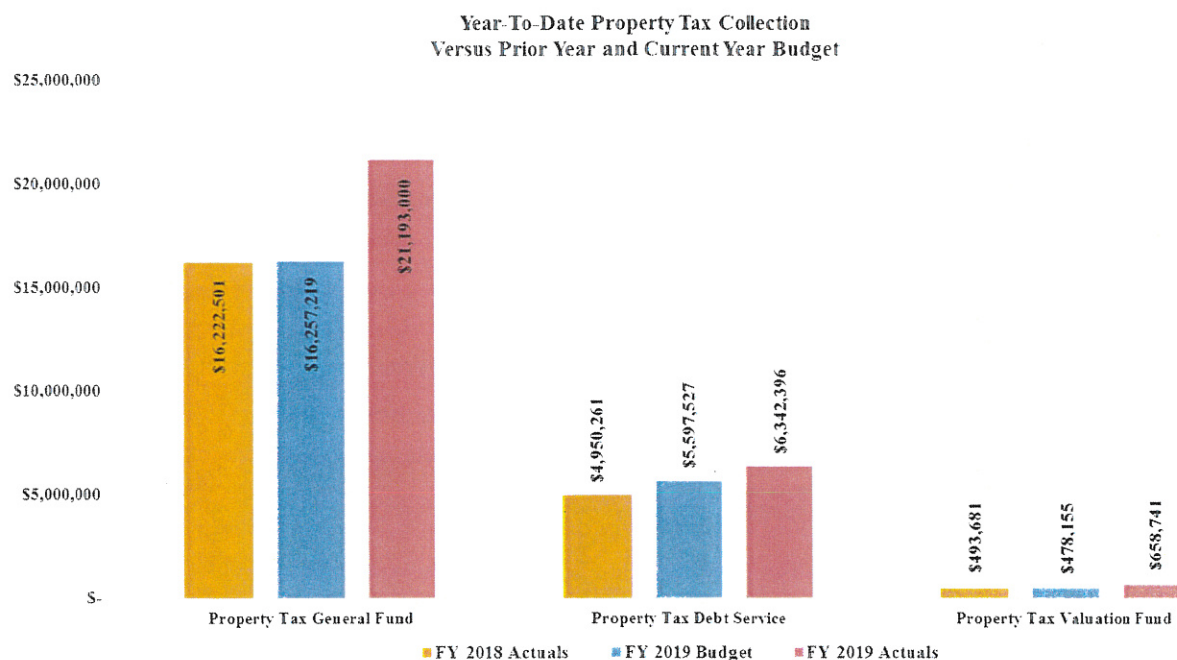


Property Tax:

Through December 31st of Fiscal Year 2019, property tax revenue collections were \$27.5 million (excluding the Property Valuation Fund), \$6.4 million higher than the same period in the previous fiscal year, an increase of 30.1%. The net taxable valuation for tax year 2018 is \$128 million higher than tax year 2017.

Collection of property taxes is currently \$5.7 million above budget for Fiscal Year 2019. The largest months of property tax collections occur during the months of December, January, and June, which correlate with tax due dates.

Revenue received from property tax goes to the general fund, to pay debt service on General Obligation Bonds, and to the property valuation fund. The following chart presents a year-over-year comparison of these components, as well as comparison to budgeted amounts for Fiscal Year 2019.



Other Revenues:

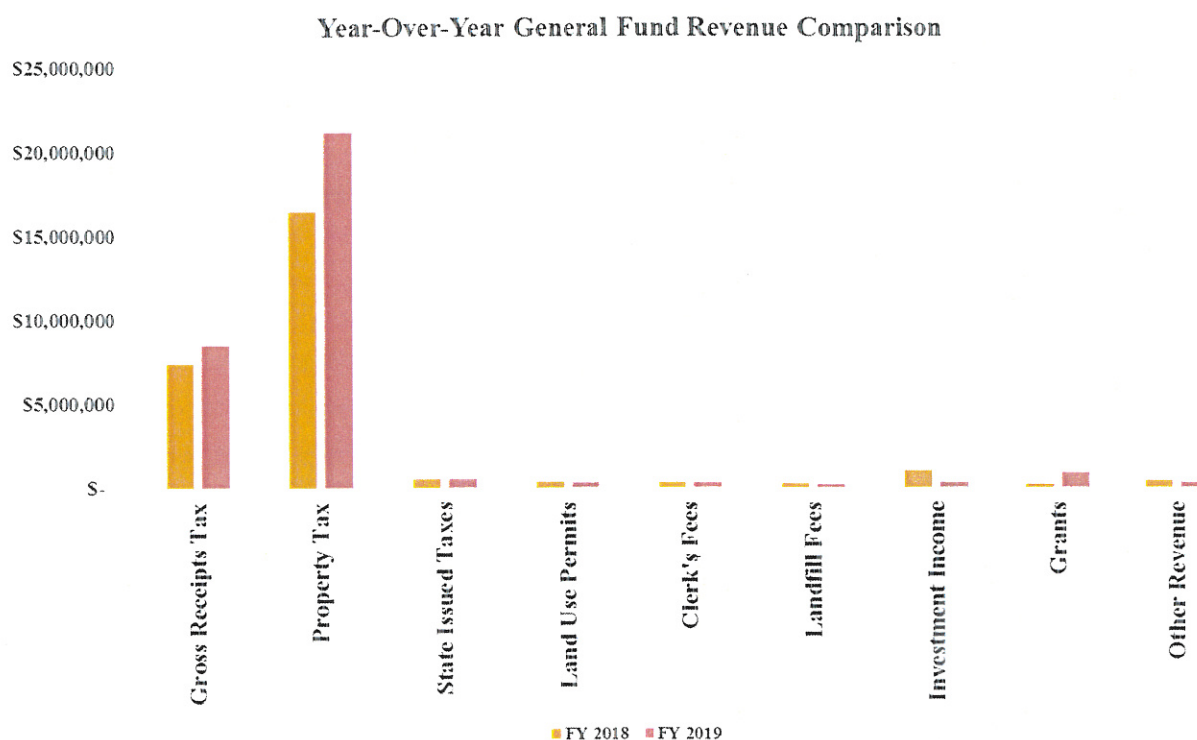
Charges for services totaled \$12.1 million through December 31st of Fiscal Year 2019, up \$2.1 million, or 21.0%, over the same period last year. Of the \$2.1 million increase, \$1.0 million is attributable to the self-insurance fund and \$0.5 million relates to care of prisoners charges. Intergovernmental and Susidies revenue is up \$0.9 million, or 70.8%, primarily due to a NM Department of Health grant.

Miscellaneous revenue decreased by \$0.9 million, or 50.6%, over the same period of the prior fiscal year. As of the date of this report, the reconciliation of the investments was not complete. Fiscal Year 2019 investment earnings are expected to be in line with the earnings from the same period in the previous fiscal year once the reconciliation is complete.

GENERAL FUND REVENUES

Of the \$79.9 million total revenues collected through December of Fiscal Year 2019, \$32.5 million was general fund revenue. General fund revenue through December of Fiscal Year 2019 was \$5.6 million above the amount collected in the same period of Fiscal Year 2018. The three largest increases for the reporting period were property tax, up \$4.7 million, gross receipts tax, up \$1.1 million and grants, up \$0.7 million. The increase in grants revenue is primarily due to a NM DOH grant for the construction of the East Mountain Regional Health facility. As with the countywide revenue analysis, investment income decreased from the prior fiscal year period by \$0.7 million for the General Fund because the reconciliation for the investments is not completed as of the date of this report.

The graph below presents a comparison of Fiscal Year 2019 and Fiscal Year 2018 year-to-date general fund revenue collections.



RECURRING EXPENDITURES

Total recurring expenditures through December 31st of Fiscal Year 2019 were \$54.6 million, an increase of \$2.0 million, or 3.8%, compared to the same period of the previous fiscal year.

The following table presents total recurring expenditures by expense category.

	FY18 YTD	FY19 YTD	Difference	Percent Change
Salaries & Benefits	\$ 35,698,940	\$ 38,509,418	\$ 2,810,478	7.9%
Services	6,060,414	5,372,626	(687,788)	-11.3%
Other Operating Costs	3,995,525	4,466,046	470,521	11.8%
Insurance & Deductibles	1,671,726	1,436,533	(235,193)	-14.1%
Healthcare Assistance Programs	1,785,715	1,860,759	75,044	4.2%
Supplies	1,097,146	922,952	(174,194)	-15.9%
Maintenance	1,158,561	876,623	(281,938)	-24.3%
Vehicle Fuel & Maintenance	753,279	845,432	92,153	12.2%
Public Safety Expenses	173,485	164,823	(8,662)	-5.0%
Travel	160,243	108,665	(51,578)	-32.2%
Total Recurring Expenses	\$ 52,555,034	\$ 54,563,877	\$ 2,008,843	3.8%

Salary and benefit expenses totaled \$38.5 million through December 31st of Fiscal Year 2019, an increase of \$2.8 million (7.9%) over the same period in the previous fiscal year. This primarily reflects an increase in salaries, insurance claims and administrative fees. As the County continues with its self-insurance plan, calendar year 2019 represents the County's second fully-mature claim year.

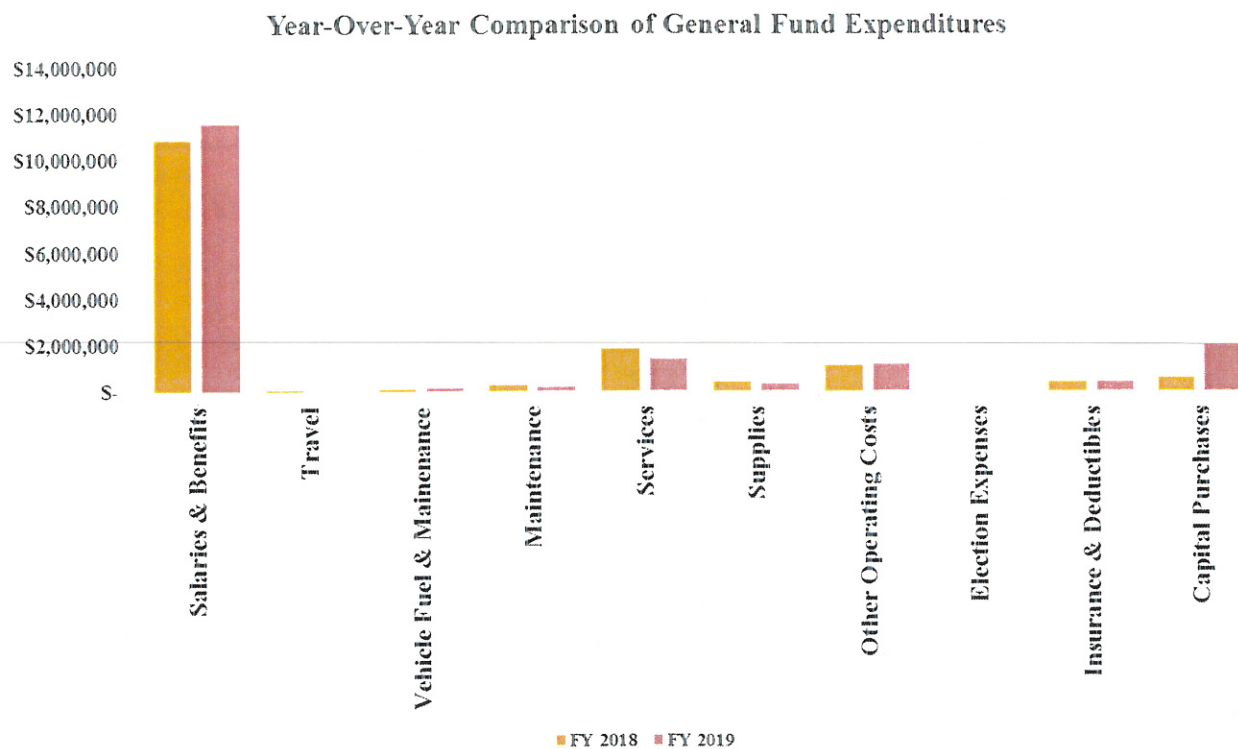
The year-over-year decrease in the several other expenditure categories resulted from accounting policy changes in the year-end processes for accounts payable accruals and purchase order (PO) rollover. Beginning with Fiscal Year 2018, in accordance with Generally Accepted Accounting Principles (GAAP) and to improve adherence to approved operating budgets, all known services rendered and goods received through June 30, 2018 have been recorded as Fiscal Year 2018 expenditures. As a result of this change, the number of prior year invoices being processed using prior year POs in the current fiscal year has been almost entirely eliminated. Currently, the only POs being rolled over into Fiscal Year 2019 are related to capital projects. This change will ensure liabilities and related expenditures are recorded in the fiscal year the expenditures were incurred, in accordance with GAAP.

Reported expenditures exclude the following non-recurring costs: subsidies through the down payment assistance program of \$60,000, election costs of \$35,562, capital purchases of \$13.8 million, and debt service on bonds totaling \$15.1 million.

GENERAL FUND EXPENDITURES

Of the \$54.6 million total expenditures through December 31st of Fiscal Year 2019, \$17.2 million were from the general fund. In comparison to Fiscal Year 2018, general fund expenditures were up by \$1.5 million or 9.8% as a result of salaries and benefits and capital purchases. Capital Outlay in the general fund increased by 237.0% or \$1.4 million due to the County Administrative Complex project.

The following chart compares year-to-date general fund expenditures in Fiscal Years 2019 and 2018.



OTHER FINANCIAL INFORMATION

The Fiscal Year 2018 audit is completed and the 2018 audited Comprehensive Annual Financial Report (CAFR) was released by the New Mexico Office of the State Auditor (SAO) on December 24, 2018. The Finance Division has submitted the CAFR to the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program.

The Finance Division will begin closing monthly periods in Fiscal Year 2019 during the month of January 2019, as the Fiscal Year 2018 audit is complete. In addition, the Finance Division will prepare Federal Forms W-2 for employees and 1099s for vendors for distribution by the end of January 2019. The Finance Division is in the process of holding budget review hearings with departments for the Santa Fe County Fiscal Year 2020 budget. The Finance Division is also preparing the Fiscal Year 2019 year-end closing memo and instructions for distribution to departments in January 2019.

The Finance Division is working to document its procedures and business processes to provide for smoother staff transitions and to enhance internal controls. Year-end and monthly closing procedures are being developed currently with input from all involved staff of Finance and Purchasing.

Finance filled its vacant Accounts Payable position as of January 7th. Payroll is in the process of filling one vacant position, the Payroll Specialist.

PURCHASING DIVISION ACTIVITIES

The table below presents year-to-date purchasing activity in Fiscal Year 2019 compared to activity through the same period of Fiscal Year 2018. The volume of activity has decreased by 79 procurements, or 31.7%, over the previous fiscal year. The volume has decreased in letters of interest, agreements, grants, memorandums of agreements, and the number of requests for proposals.

	FY18 YTD	FY19 YTD	Difference	Percent Change
Requests for Proposals	25	23	(2)	-8.0%
Invitations for Bids	24	25	1	4.2%
Letters of Interest	36	13	(23)	-63.9%
Leases	5	5	-	0.0%
Grants	23	21	(2)	-8.7%
Memorandums of Understanding	6	8	2	33.3%
Memorandums of Agreement	11	5	(6)	-54.5%
Property	11	12	1	9.1%
RFQ	-	2	2	N/A
PSA	8	4	(4)	-50.0%
Easements	7	2	(5)	-71.4%
Agreements	70	25	(45)	-64.3%
Other	23	25	2	8.7%
Total Procurments	249	170	(79)	-31.7%

The table below presents Fiscal Year 2019 year-to-date purchase orders issued, encumbered amounts, and invoiced/expended amounts, compared to the same period in the prior fiscal year. The number of purchase orders issued decreased by 80, or 2.3%, over the previous year, while the amount encumbered has increased by 86.3%, or by \$28.7 million. This large increase is attributed primarily to encumbering \$27.9 million in August 2018 for the County Administration Complex construction and renovation project.

	Purchase Orders			
	FY18 YTD	FY19 YTD	Difference	Percent Change
Purchase Orders Issued	3,482	3,402	(80)	-2.3%
Amount Encumbered	33,278,324	62,003,492	28,725,167	86.3%
Amount Invoiced / Expended	28,591,786	15,684,445	(12,907,341)	-45.1%

During this reporting period, Purchasing assisted all County staff with initiating Fiscal Year 2019 purchasing transactions. Staff also initiated encumbrance reporting to all County Departments in an effort to better manage their requisitions or pre-encumbrances.

Purchasing and Finance staff are scheduling additional training programs in FY19. The Purchasing Manager has initiated monthly meetings with each Department to discuss status and planning of current and future projects.

The Purchasing Division is in the process of filling one vacancy, a Procurement Specialist.

